

FINANCE AGENDA

Erie County Council

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Jay Breneman, Chairman
Dr. Kyle Foust, Vice Chairman
Edward T. DiMattio, Jr.
Phil Fatica
Andre Horton
Fiore Leone
Carol Loll

4:00 p.m. Room 114A

May 28, 2015

1. Resolution Number , 2015, "Appointment of Auditors to Perform an Audit of the Erie County HealthChoices Program for the Fiscal Year of July 1, 2014 to June 30, 2015"

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2. Analysis of General Fund Unassigned Fund Balance.

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3. **Chamber Update – Jake Rouch**

4. **2014 Erie County Audit Report**

RESOLUTION NUMBER __, 2015

**Appointment of Auditors to Perform An Audit of the Erie County HealthChoices Program
for the Fiscal Year of July 1, 2014 to June 30, 2015**

BE IT RESOLVED by the County Council of the County of Erie, pursuant to Article VIII, Section 13 of the Home Rule Charter for the County of Erie that the accounting firm of:

Zelenkofske Axelrod, LLC

Be appointed auditors for the Erie County HealthChoices Program for the fiscal year July 1, 2014 to June 30, 2015. The all-inclusive fee will be \$23,050.

On the motion of _____, seconded by _____, this resolution was
passed on this ____ day of _____, 2015 by a vote of __ to __.

APPROVED BY:

Fiore Leone, Chairman
Erie County Council

Kathy Dahlkemper,
County Executive

Date:_____

ATTEST:

Douglas R. Smith
County Clerk

Date:_____

Zelenkofske Axelrod LLC

May 18, 2015

To County Council
Erie County HealthChoices Program
Erie, Pennsylvania

We are pleased to confirm our understanding of the services we are to provide for Erie County HealthChoices Program.

We will examine the schedules of Primary Contractor Summary of Transactions; Subcontractor Summary of Transactions; Related Party Transactions and Obligations; Claims Payable (RBUCs and IBNRs); LAG Reports; Analysis of Revenues and Expenses; and Reinvestment Reports of the Erie County HealthChoices Program's (County) Behavioral Health program for the period ended June 30, 2015.

We will also examine management's assertions, included in the Report of Management on Compliance that Erie County complied with the requirements cited in Claims Processing Section II Compliance Requirements and Suggested Procedures parts A through F; MIS/Encounter Data Reporting Section II Compliance Requirements and Suggested Procedures parts A through C; and Health Service Delivery System/MCO Incentive Arrangements Section II Compliance Requirements and Suggested Procedures parts A through B; Financial Management Section II Compliance Requirements and Suggested Procedures parts I, J, K and L of the HealthChoices Behavioral Health Audit Guide of the HealthChoices Behavioral Health program contract during the periods ended June 30, 2015. Management is responsible for Erie County's compliance with these requirements.

Our examinations will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Accordingly, it will include tests of your records and other procedures we consider necessary to enable us to express opinions as to whether the financial schedules listed in paragraph one are presented, in all material respects, in conformity with the Commonwealth of Pennsylvania, Department of Public Welfare's Behavioral Health Financial Reporting Requirements and about Erie County's compliance with the requirements listed in paragraph two. If, for any reason, we are unable to complete the examination, we will not issue a report as a result of this engagement.

Harrisburg

830 Sir Thomas Court, Suite 100
Harrisburg, PA 17109
717.561.9200 Fax 717.561.9202

Philadelphia

2370 York Road, Suite A-5
Jamison, PA 18929
215.918.2277 Fax 215.918.2302

Pittsburgh

3800 McKnight E. Drive, Suite 3805
Pittsburgh, PA 15237
412.367.7102 Fax 412.367.7103

The examination reports are intended solely for the information and use of the Erie County HealthChoices Program and the Pennsylvania Department of Public Welfare (DPW) and are not intended to be and should not be used by anyone other than these specified parties.

Our engagements will not include a detailed inspection of every transaction and cannot be relied on to disclose all material errors, fraud, or other violations of laws or regulations, that may exist. However, we will inform you of any material errors or fraud that comes to our attention. We will also inform you of any other violations of laws or regulations that come to our attention, unless clearly inconsequential.

We understand that you will provide us with the basic information required for our examinations and that you are responsible for the accuracy and completeness of that information. We may advise you about appropriate criteria or assist in the development of the subject matter; but the responsibility for the subject matter remains with you.

At the end of the engagement, we will require a representation letter from management.

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but we remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information, and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

You are responsible for the presentation of Primary Contractor Summary of Transactions; Subcontractor Summary of Transactions; Related Party Transactions and Obligations; Claims Payable (RUCs and IBNRs); LAG Reports; Analysis of Revenues and Expenses; and Reinvestment Reports of the Erie County HealthChoices Program's (County) Behavioral Health program in accordance with the Commonwealth of Pennsylvania, Department of Public Welfare's Behavioral Health Financial Reporting Requirements; and for selecting the criteria and determining that such criteria are appropriate for your purposes. You are also responsible for management's assertions, included in the Report of Management on Compliance that Erie County complied with the requirements cited in Claims Processing Section II Compliance Requirements and Suggested Procedures parts A through F; MIS/Encounter Data Reporting Section II Compliance Requirements and Suggested Procedures parts A through C; and Health Service Delivery System/MCO Incentive Arrangements Section II Compliance Requirements and Suggested Procedures parts A through B; Financial Management Section II Compliance Requirements and Suggested Procedures parts I, J, K and L of the HealthChoices Behavioral Health Audit Guide of the HealthChoices Behavioral Health program contract. You are responsible for assuming all management responsibilities and for overseeing the examination

services we provide by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, and/or experience. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for the results of such services.

Cory Johnson, CPA is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

We expect to begin our examination on approximately September 1, 2015. Our fees for these services will be \$23,050. The fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the examination. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Zelenkofske Axelrod LLC

RESPONSE:

This letter correctly sets forth the understanding of Erie County HealthChoices Program.

By:
Title:
Date:

County of Erie Analysis of General Fund Unassigned Fund Balance FYE 12/31/15 As of May 22, 2015
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Projected Ending 2015 Unassigned Fund Balance

29,374,915

Less: Appropriations from Unassigned Fund Balance

Ordinance #13 of 2015 Supp Approp for Correction of Asst Public Defender Salary	(8,557)
Ordinance #21 of 2015 Supp Approp for Assessment Bureau County Portion of Erie Insurance Appraisal	(8,250)
Ordinance #28 of 2015 Supp Approp to Establish Assistant Clerk of Records in Clerk of Courts	(6,015)
Ordinance #36 of 2015 Supp Approp to Establish Vacation Line in Public Safety	(12,000)
Ordinance #43 of 2015 Supp Approp to Assessment for GIS Training	(38,277)
Ordinance#51 of 2015 Supp Approp for Pcorp Grant for Safety Improvements at the Prison	(12,616)
Ordinance#52 of 2015 Supp Approp for increase in MDJ Stuck-Lewis rent	(8,208)
Ordinance#62 of 2015 Supp Approp for Additional Benefits for Voter Registration	(17,369)
Ordinance#64 of 2015 Supp Approp for Release of Register of Wills Automation Restricted Fund Balance	(24,166)
Ordinance#68 of 2015 Supp Approp for Change in Director of Planning	(12,363)
Ordinance# of 2015 Supp Approp for Align Director of Administration Salary	(6,843)
Ordinance # of 2015 Supp Approp for Children and Youth 13 Positions	(56,927)

Total Appropriations from Unassigned Fund Balance

(211,591)

Plus: Appropriations to Unassigned Fund Balance

Ordinance # 172 of 2014 for 2015 Supp Approp for Director of Procurement Salary	519
Ordinance #11 of 2015 Supp Approp for Supervisor of Custody Conciliation	3,241
Ordinance #27 of 2015 Supp Approp for Change in Court Reporter Salary	26,656
Ordinance #29 of 2015 Supp Approp to Establish First Deputy Prothonotary and Eliminate Assistant Clerk	34,391
Ordinance#48 of 2015 Supp Approp to Eliminate the Director of Strategic Initiatives Position	4,119
Ordinance#49 of 2015 Supp Approp to Unrestrict and Establish Director of Veterans Affairs	42,052

Total Appropriations to Unassigned Fund Balance

110,978

Estimated General Fund Unassigned Fund Balance to date

29,274,302

Summary

Total Budgeted General Fund Expenditures and Transfers	95,980,897
Less: Pass Thru Grants Originally Budgeted in the General Fund	(151,000)
Net Budgeted General Fund Expenditures and Transfers	95,829,897

One Month's Expenditures and Transfers

7,985,825

Two Month's Expenditures and Transfers

15,971,650

Difference between Estimated GF Unassigned Fund Balance and One Month of Expend & Transfers

21,288,477

Difference between Estimated GF Unassigned Fund Balance and Two Months of Expend & Transfers

13,302,653

County of Erie General Fund
Monthly Reconciliation of
Changes to Fund Balance Appropriated
001-000990-099500
As of May 22, 2015

Appropriations from Fund Balance per Excel	(211,591)
Appropriations to Fund Balance per Excel	110,978
Net Appropriations per Excel	(100,613)

Less: Pending Ordinances for Council Approval

Ordinance#69 of 2015 Supp Approp for Align Director of Administrative	6,843
Ordinance#68 of 2015 Supp Approp for Change in Director of Planning	12,363
Ordinance # of 2015 Supp Approp for Children and Youth 13 Position	56,927

Total Net Pending Ordinances	76,133
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Net change to Fund Balance Appropriated	(24,480)
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FMS Budget T Balance	(24,480)
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County of Erie General Fund
Current Budget
As of May 22, 2015

DEPT NO	DEPT NAME	ORIGINAL 2015 BUDGET	2015 BUDGET CHANGES	CURRENT 2015 BUDGET
001000	CONCIL & ELECTIONS	1,395,504	22,369	1,417,873
001100	COUNTY CONTROLLER	342,060		342,060
001990	COUNTY EXECUTIVE	261,251	1,000	262,251
002010	COMM REL ECON DEV	1,052,804	(66,251)	986,553
002100	COUNTY SOLICITOR	162,629		162,629
002190	PERSONNEL	302,722		302,722
002300	FINANCE	3,945,441	46,527	3,991,968
002400	ADMIN/ OPERATIONS	5,408,822	24,597	5,433,419
002601	HUMAN SRVC SHARED	76,532		76,532
002700	OTH GEN GOVT	8,770,139	65,000	8,835,139
002810	COUNTY TECH DEPT	2,043,399		2,043,399
003000	COURTS	5,230,680	(29,897)	5,200,783
003100	MDJ'S	2,797,090	31,765	2,828,855
003200	CLK RECORD	2,813,419	(4,210)	2,809,209
003290	SHERIFF	3,145,193		3,145,193
003390	DISTRICT ATTY	3,070,760	82,220	3,152,980
003500	CORONER	663,932		663,932
003600	PUBLIC DEFENDER	1,450,275	8,557	1,458,832
004000	ADULT PROBATION	5,285,162	32,234	5,317,396
004100	CORRECTIONS	17,461,177		17,461,177
004190	JUVENILE PROBATION	3,295,709		3,295,709
005200	VETERANS AFFAIR	303,636	(42,052)	261,584
009000	GRANTS TO ORGANZ	151,000		151,000
020000	TRANSFERS	26,551,561	12,000	26,563,561
	Total	95,980,897	183,859	96,164,756

<p>County of Erie Comparison of Change in Monthly General Fund Fund Balance Appropriated for the Years 2015 and 2014</p>

Change in appropriated General Fund fund balance as follows:

Month	2015	2014
January	(4,797)	10,012
February	18,406	(99,797)
March	16,376	787,236
April	(38,277)	(45,988)
May	(16,188)	(110,372)
June		(1,083)
July		(56,301)
August		(15,733)
September		(5,231)
October		(85,855)
November		(600,000)
December		(469,035)
Total Change in Appropriated Fund Balance Year to Date	(24,480)	(692,147)